

**SBAR**  
**Center for Local Public Health Services (CLPHS)**  
**Maternal Child Health (MCH) Services Program proposed changes for**  
**compliance with the Omni Circular**

March 27, 2015

**Situation:**

As a key component of a larger Federal effort to create a government that is more efficient, effective, and transparent and to provide a government-wide framework for grants management, the Office of Management and Budget (OMB) revised its guidance on Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The final guidance, commonly referred to as the Omni Circular, was published on December 26, 2013, and is located in Title 2 of the Code of Federal Regulations (C.F.R.). The Omni Circular became effective December 26, 2014, and will apply to fiscal years beginning on or after December 26, 2014. The Omni Circular will go into effect for the MCH Services contracts beginning on October 1, 2015.

The Omni Circular providing final guidance for Federal Awards stipulates fixed amount awards may only be awarded with prior Federal approval and up to \$150,000 (the Simplified Acquisition Threshold).

**Background:**

The MCH Services Program is 100% funded by the Title V Maternal Child Health Block Grant (MCHBG). The MCH Services contracts are currently fixed amount contracts provided to all 115 local public health agencies (LPHAs) to support a leadership role within coalitions and partnerships at the local level to build MCH systems and expand the resources those systems can use to respond to priority health issues. Under the Omni Circular, LPHAs will be required to submit a budget and allowed to charge an indirect rate up to the maximum of 10% of the modified total direct costs as stipulated by the MCHBG. Modified total direct costs includes computation of the indirect cost on total direct costs. The exception is that only the first \$25,000 of a subcontract may be included, and any equipment (single item value > \$5,000 and useful life > 1 year) cannot be included in the calculation of indirect costs.

**Assessment:**

Since the publication of the Omni Circular, division level efforts have been underway to secure Federal approval for fixed amount awards for the MCHBG, but Federal approval has not yet been received. Additionally, three of the MCH Services contracts exceed the \$150,000 Simplified Acquisition Threshold for fixed amount awards.

**Recommendation:**

To comply with the Omni Circular stipulations, the MCH Services contracts should be changed to cost reimbursement contracts with budgeting, invoicing, and reimbursement for actual costs incurred.

Changing to cost reimbursement MCH Services contracts will require a redesign of the Missouri Public Health Invoicing and Reporting System (MOPHIRS), and completing the redesign prior to the start of Federal Fiscal Year 2016 (FFY16) may or may not be possible. Transitioning to hard copy invoicing may be required at the start of FFY16 until the MOPHIRS redesign can be completed.